



United States Attorney District of New Jersey

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FORMER U.S. MORTGAGE CORP. LOAN OFFICER SENTENCED TO 27 MONTHS IN PRISON FOR MONEY LAUNDERING AND WIRE FRAUD IN PATERSON-BASED MORTGAGE FRAUD, PROPERTY-FLIPPING SCHEME

NEWARK, N.J. – A Bergen County, N.J., man was sentenced today to 27 months in prison for wire fraud and money laundering conspiracy in connection with a mortgage fraud and property-flipping scheme involving rental properties in Paterson, N.J., U.S. Attorney Paul J. Fishman announced.

Gerald Carti, 64, of Oakland, N.J., a former loan officer and shareholder of Pine Brook-based U.S. Mortgage Corp., previously pleaded guilty before U.S. District Judge Jose L. Linares, who also imposed sentence today.

According to documents filed in this case and statements made in court:

From 2002 through 2004, Carti conspired with Michael Eliasof, a former Paramus real estate agent; William Colacino, (now deceased) former Garfield attorney and municipal court judge; Melanie Gebbia, Colacino's legal assistant; William Ottaviano, an appraiser; Frank Corallo, a former U.S. Mortgage loan processor; Renford Davis and Hopeton Bradley (now deceased), who jointly managed many of the Paterson properties involved in the scheme; Amer Mir, a former loan officer of United Home Mortgage Co., and others. Eliasof, Gebbia, Ottaviano, Corallo, Davis, Bradley and two other conspirators — Claribel Morrobel and Norman Barna — have each pleaded guilty in connection with this scheme. Co-defendants Frederick Ugwu and Mir were convicted after a five-week jury trial in December 2009 in connection with their roles in the scheme. All of the defendants with pending cases are awaiting sentencing.

As the evidence at Ugwu's and Mir's trial established, Carti helped Eliasof obtain mortgage loans for various borrowers to purchase two- and three-family homes in Paterson, knowing that the borrowers would be putting no money down to purchase the properties. Carti further permitted the borrowers to submit loan applications to U.S. Mortgage falsely stating that they had made substantial down payments and allowing U.S. Mortgage to fund the loans, even though the borrowers had not made any down payments. The closings of the loans took place at William Colacino's law office, and Carti received as a commission 50 percent of the fees that U.S. Mortgage received for each loan. When many of these loans began defaulting, Carti helped arrange their repayment through new fraudulent loans, many of which were originated by Mir.

In addition to the prison term, Carti was sentenced to three years of supervised release and ordered to pay \$1,034,956.74 in restitution.

Carti's case is part of an ongoing investigation by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG), the FBI, the U.S. Postal Inspection Service and IRS Criminal Investigations into fraudulent Federal Housing Administration-insured and conventional mortgage loans originated by various New Jersey mortgage companies, including U.S. Mortgage and United Home Mortgage. The investigation has resulted in a dozen guilty pleas from New Jersey residents.

U.S. Attorney Fishman credited special agents of HUD-OIG, under the direction of Special Agent in Charge Joseph W. Clarke for the Mid-Atlantic region; special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark; inspectors of the U.S. Postal Inspection Service, under the direction of Acting Postal Inspector in Charge Thomas Boyle; and special agents of IRS Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for their investigation leading to today's sentence.

The government is represented by Assistant U.S. Attorney Mark E. Coyne, formerly of the U.S. Attorney's Office Economic Crimes Unit and now Chief of the Appeals Division.

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Defense counsel: Joseph P. Rem, Jr., Esq., Hackensack, N.J.